



## HOW WEST VIRGINIA'S ECONOMY BENEFITS FROM INTERNATIONAL TRADE AND INVESTMENT

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for West Virginia and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research and U.S. government data that help explain the benefits of international trade and investment and the importance of active trade and investment initiatives to U.S. economic growth and jobs, including in West Virginia.

### Why Is International Trade and Investment so Important to West Virginia?

- International trade – both exports and imports – supports **169,000 West Virginia jobs**. These trade-related jobs are at large and small companies, on farms, in factories, and at the headquarters of West Virginia's globally engaged firms. *See West Virginia Jobs Depend On Two-Way Trade.*
- **West Virginia exports billions of dollars** in goods and services annually, including coal, synthetic rubbers and resins, auto parts, and travel- and freight-related services. The vast majority of West Virginia exporters are small and medium-sized companies with less than 500 workers. *See West Virginia Businesses Grow With Exports.*
- Customers in **152 countries** around the world buy West Virginia-grown and manufactured goods and services. Top markets like **Canada, China** and the **Netherlands** buy hundreds of millions of dollars of West Virginia products and services annually. *See West Virginia Companies Export Throughout The World.*
- **Imports lower prices and increases choice for West Virginia companies and families**. Lower raw material and input costs help West Virginia companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *See West Virginia Companies And Workers Use Imports To Compete.*
- **Free trade agreements (FTAs)** have led to **rapid export growth** to partner countries. America's **FTA partners purchased 5.3 times more goods per capita from West Virginia** than non-FTA countries did in 2012. *See West Virginia Needs Trade Agreements To Grow.*
- **Foreign-owned companies** invest in West Virginia and **employ 24,800 West Virginians**. *See Foreign Investment In West Virginia Creates Jobs.*

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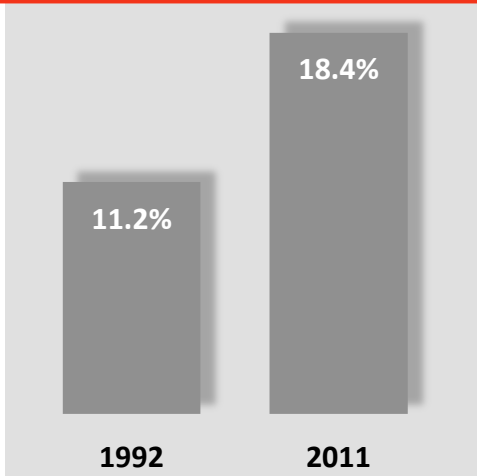
**WEST VIRGINIA JOBS DEPEND ON TWO-WAY TRADE**

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

**Trade creates and supports jobs in West Virginia.** **Export growth** increases jobs by generating new business for West Virginia’s manufacturers, service providers and farmers. **Imports** support jobs and keep costs low, helping West Virginia businesses compete and saving West Virginia families real dollars at the cash register. **Foreign investment** in West Virginia creates good jobs across a range of sectors.

**Today, 169,000 jobs in West Virginia depend on trade.**

**Share of West Virginia Jobs Tied to Trade Increased 65 Percent from 1992 to 2011**



**Nearly one in five West Virginia jobs** depend on international trade.

- West Virginia’s **trade-related employment grew two times faster** than total employment from 2004 to 2011.
- **Jobs in U.S. exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.
- **U.S. exporting plants increase employment 2 to 4 percent faster** annually than plants that do not export. Exporting plants also are less likely to go out of business.

**Small and Large Employers Partner to Export**

In addition to exporting directly themselves, more than 6,000 American small- and medium-sized enterprises (SMEs) export indirectly when they sell goods and services to large U.S. companies that export. SMEs account for nearly a quarter of the value of purchases by large companies, which in turn often export finished goods and services to customers around the world.

**Top Sectors for West Virginia Jobs Tied to Trade, 2011**

Consumer Services	40,300
Wholesale & Retail Trade	29,500
Prof., Sci. & Tech. Services	23,200
Construction	13,400
Manufacturing	6,100
Ag, Forestry & Fisheries	6,000

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**WEST VIRGINIA BUSINESSES GROW WITH EXPORTS**

West Virginia ranked 32nd in the United States in **goods exports** in 2012, with an estimated value of **\$11.4 billion**, and 42nd in **services exports**, with an estimated value of **\$1.6 billion** in 2011. Large companies account for 70 percent of the value of West Virginia’s merchandise exports, with the rest provided by small- and medium-sized enterprises (SMEs).

**Top Goods Exports, 2012**

- Coal & Petroleum Gases: \$7.4 billion
- Synthetic Rubbers & Resins: \$995 million
- Motor Vehicle Parts: \$864 million
- Basic Chemicals: \$330 million
- Aerospace Products & Parts: \$283 million

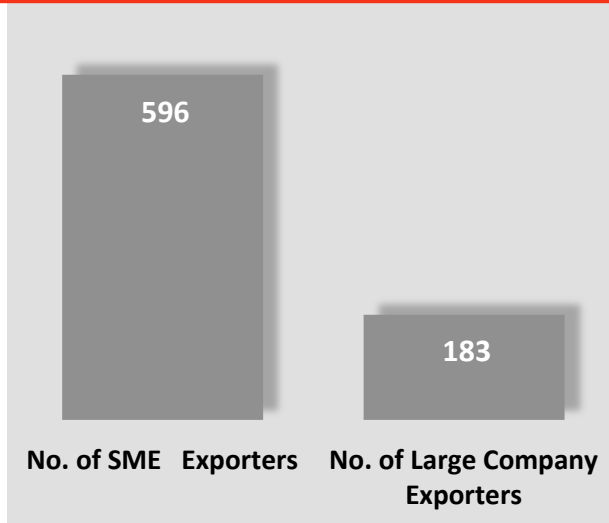
**Top Services Exports, 2011**

- Travel: \$651 million
- Industrial Processes Royalties: \$208 million
- Port & Freight Services: \$177 million

**Leading Export Products**

Minerals and ores (including coal and petroleum gases) was West Virginia’s leading export category in 2012, accounting for 65.5 percent of total merchandise exports.

**77 Percent of West Virginia Exporters Are Small- or Medium-Sized Companies**



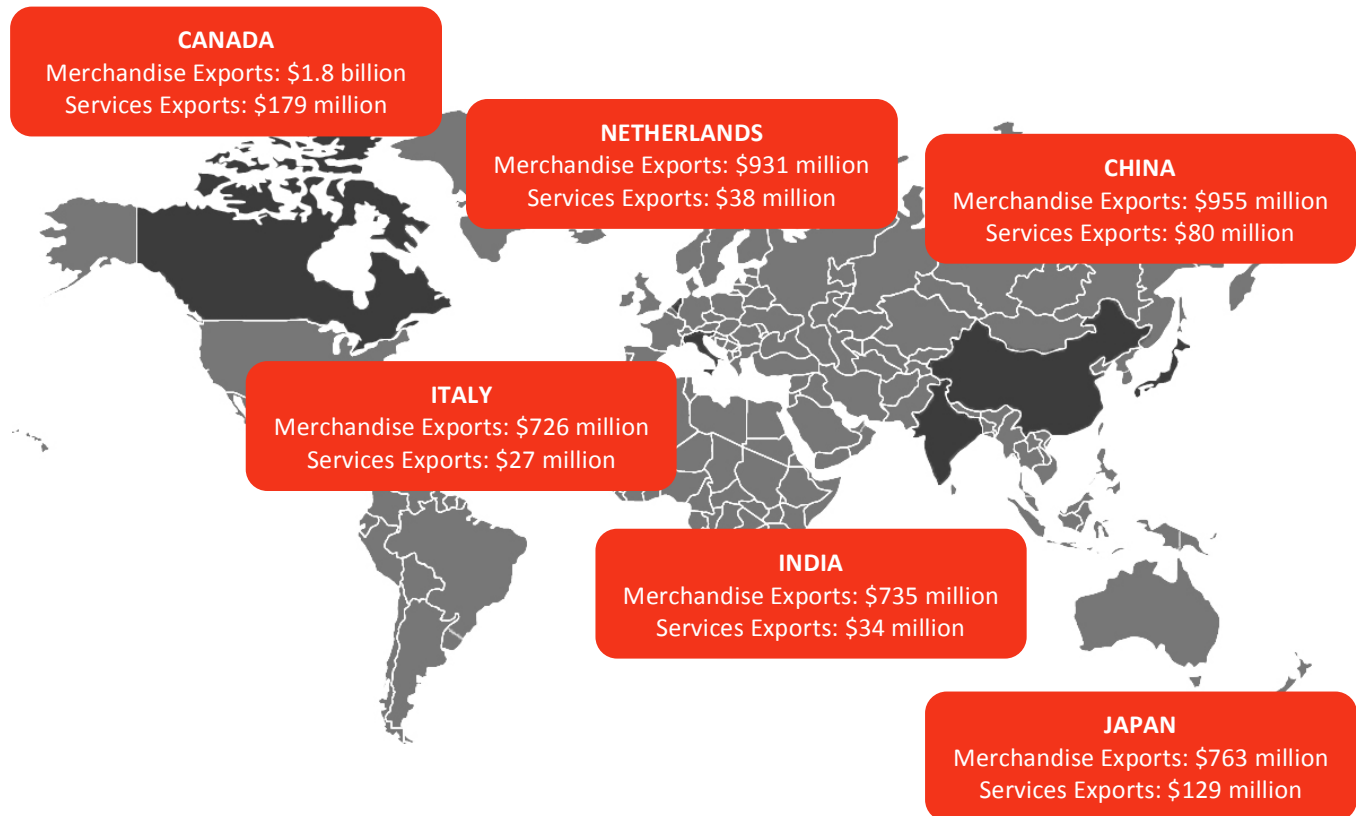
- West Virginia **ranks among the top 20 state exporters in eight industries**, including first in coal and petroleum gases (\$7.4 billion), ninth in lime and gypsum products (\$12.3 million), 11th in synthetic rubbers and resins (\$995 million) and motor vehicle parts (\$864 million), and 13th in clay products (\$56.3 million).
- One of West Virginia’s fastest growing export categories is **coal and petroleum gases**, which has increased by 49 percent per year since 2002. In 2012, exports of these products reached \$7.4 billion.



**WEST VIRGINIA COMPANIES EXPORT THROUGHOUT THE WORLD**

In 2012, West Virginia companies sold their products in **152 international markets**.

**Top Export Markets\***



- West Virginia’s top export market for goods and services is **Canada**. Other leading markets include **China** and the **Netherlands**.
- Among West Virginia’s top export markets for goods, **Sweden** has grown the fastest at **68 percent per year** since 2002. Exports to **Turkey** grew by **61 percent per year**, while exports to **India** grew by **54 percent per year**.
- West Virginia’s **goods exports have grown four times faster than state GDP** since 2002. The average annual export growth during this period was 18.4 percent, while the average annual state GDP growth was 4.6 percent.
- Goods exports accounted for **13.6 percent of West Virginia’s state GDP** in 2011.

*\*Goods data are for 2012; services data are for 2011*

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**WEST VIRGINIA COMPANIES AND WORKERS USE IMPORTS TO COMPETE**

In 2012, 61 percent of the products imported into the United States were inputs and components used by American producers. Lower cost inputs **keep U.S. manufacturing competitive** in international markets.

**\$1.3 trillion of U.S. imported goods in 2012 were inputs or materials used by U.S. producers.**

Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in West Virginia.

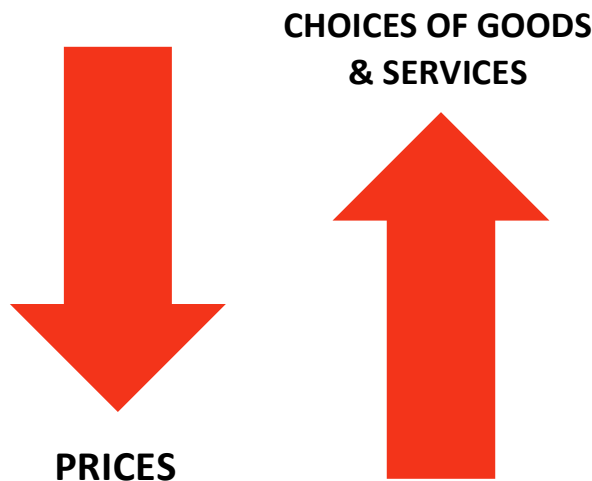
**834 West Virginia companies imported products in 2010.**

Services, especially transportation from West Virginia’s ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.

In 2010, nearly **64 percent** of identified importers were very **small businesses** with less than 20 employees.

Trade and investment liberalization policies **save the average West Virginia family** of four more than **\$10,000 per year**.

**Imports help keep prices down** for West Virginia families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.



**Imports Help Lower Prices (2002-2012)**

	<u>Price Change</u>
Televisions	-86.5%
Personal Computers	-74.9%
Toys	-42.8%
Furniture & Bedding	-7.1%

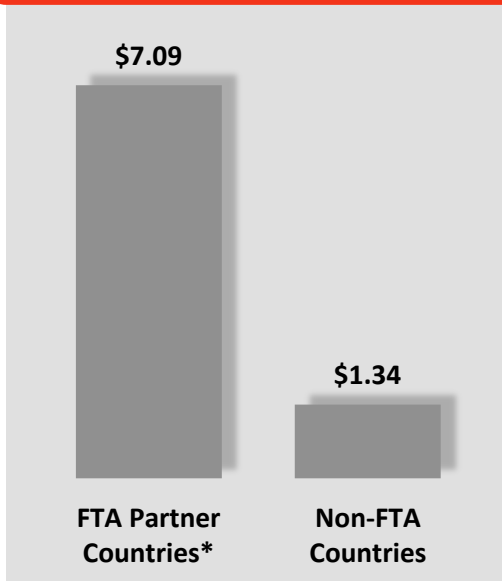


**WEST VIRGINIA NEEDS TRADE AGREEMENTS TO GROW**

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with free trade agreement (FTA) partner countries **supports 17.7 million American jobs**. Trade agreements level the **playing field** by lowering other nations’ trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. West Virginia has increased its exports to FTA partner countries following implementation of the U.S. FTAs with those countries.

Since 2002, **West Virginia’s goods exports to FTA partners** in effect in 2012 have **increased by 200 percent**. In 2012, **\$3.0 billion of West Virginia’s merchandise exports**, or 26 percent, went to FTA partners.

**Per Capita Purchases of West Virginia Goods, 2012**



*\*U.S. FTAs in effect with countries in 2012.*

**FTA partners purchased 5.3 times more goods per capita from West Virginia than non-FTA partners in 2012.**

- West Virginia’s **exports to Canada and Mexico have increased by \$1.7 billion** (591 percent) since NAFTA went into effect in 1994. Exports to Canada have increased \$1.5 billion (589 percent), while exports to Mexico have increased \$208 million (608 percent).
- West Virginia’s **exports to Singapore** have experienced very strong growth, **increasing by 96 percent** since the U.S.-Singapore FTA took effect in 2004. Exports of chemical preparations alone have **increased from just \$70,000 to \$5.8 million** since the FTA entered into force.
- **Australia** bought **39 percent** of West Virginia’s commercial service machinery (e.g., vending machines) exports in 2012. Overall, FTA partners bought **89 percent** of West Virginia’s exports of those products.
- The **Trans-Pacific Partnership (TPP) countries** that are not current FTA partners — Brunei, Malaysia, New Zealand and Vietnam — were West Virginia’s 34th largest export market in 2011 with a **combined value of \$25.4 million**.

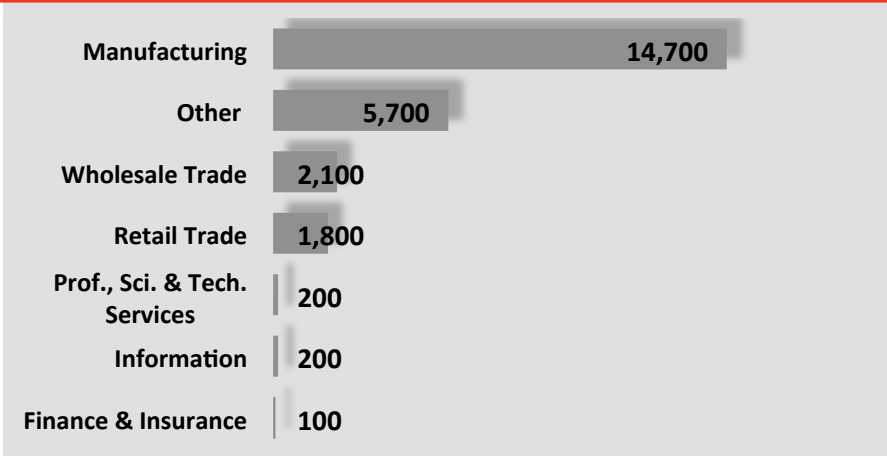


## FOREIGN INVESTMENT IN WEST VIRGINIA CREATES JOBS

Foreign-owned companies invest significant amounts of capital to open or expand facilities in West Virginia every year. **Foreign-owned companies from around the world employ tens of thousands of workers** in West Virginia, including:

- **4,400 by companies based in the United Kingdom**
- **4,100 by companies based in Canada**
- **2,500 by companies based in Japan**
- **1,800 by companies based in Germany**
- **1,500 by companies based in Switzerland**

### Foreign-Owned Companies Employ a Total of 24,800 West Virginia Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in West Virginia

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Adecco Staffing	Employment Services	Switzerland
ArcelorMittal Weirton	Steel Manufacturing	Luxembourg
Cemex	Cement Manufacturing	Mexico
Core Laboratories Inc.	Energy Services	Netherlands
Hatch Mott MacDonald	Construction Services	Canada
Holiday Inn	Hotel Services	United Kingdom
Hino Motor Manufacturing	Truck Manufacturing	Japan
Lucite International Inc.	Chemicals Manufacturing	United Kingdom
Mechel Bluestone, Inc.	Coal Mining	Russia
SGS North America	Inspection and Testing Services	Switzerland
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan
Weatherford U.S. LP	Energy Industry Supply Services	Switzerland

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## DATA SOURCES

### **WEST VIRGINIA JOBS DEPEND ON TWO-WAY TRADE**

**Jobs-Tied-to-Trade:** Baughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: An Update" (2010) ([http://businessroundtable.org/uploads/studies-reports/downloads/Trade\\_and\\_American\\_Jobs.pdf](http://businessroundtable.org/uploads/studies-reports/downloads/Trade_and_American_Jobs.pdf)) as further updated by Business Roundtable, "How the U.S. Economy Benefits from International Trade and Investment"

**Exporting Firm Wages:** Riker, "Do Jobs in Export Industries Still Pay More? And Why?" (2010) ([http://www.trade.gov/mas/ian/build/groups/public/.../tg\\_ian\\_003208.pdf](http://www.trade.gov/mas/ian/build/groups/public/.../tg_ian_003208.pdf))

**Exporting Firm Growth:** Bernard and Jensen, "Exporting and Productivity in the U.S." (2004) (<http://mba.tuck.dartmouth.edu/pages/faculty/andrew.bernard/exprod.pdf>)

**Small and Large Firms Partnering to Export:** Slaughter, "American Companies and Global Supply Networks" (2013) (<http://businessroundtable.org/uploads/studies-reports/downloads/BRT-SlaughterPaper-singles-Dec21.pdf>)

### **WEST VIRGINIA BUSINESSES GROW WITH EXPORTS**

**Exports, Rankings, and Trends:** The Trade Partnership, derived from U.S. Census Bureau ("Census") data (<http://www.tradepartnership.com/site/data.html>)

**Exporting Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2009 – 2010" (<http://www.census.gov/foreign-trade/Press-Release/edb/2010/index.html>)

### **WEST VIRGINIA COMPANIES EXPORT THROUGHOUT THE WORLD**

**Exports, Rankings, and Trends:** The Trade Partnership (<http://www.tradepartnership.com/site/data.html>)

**Export vs. GDP Growth:** Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) "GDP by State" database (<http://bea.gov/regional/index.htm>)

### **WEST VIRGINIA COMPANIES AND WORKERS USE IMPORTS TO COMPETE**

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2009 – 2010" (<http://www.census.gov/foreign-trade/Press-Release/edb/2010/index.html>)

**Imports as Components:** Derived from Census end-use import data

**Savings from Liberalization:** Bradford, Grieco, and Hufbauer, "The Payoff to America from Global Integration" (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

**Price Changes:** Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

### **WEST VIRGINIA NEEDS TRADE AGREEMENTS TO GROW**

**Exports and Trends:** The Trade Partnership (<http://www.tradepartnership.com/site/data.html>)

**Per Capita Purchases of West Virginia Goods:** Derived from The Trade Partnership (<http://www.tradepartnership.com/site/data.html>) and World Bank population estimates

**Jobs-Tied-to-FTAs:** U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners" (2010) ([http://tradepartnership.com/pdf\\_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf](http://tradepartnership.com/pdf_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf))

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**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)

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